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SUBJECT: BUILDING CAPACITY AT THE COR FINANCE COMMITTEE

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons
1.4 (b) and (d).

11. (C) Summary: Chair of the Finance Committee at the Council of Representatives Ayad Samarai (Tawafuq - Iraqi Islamic Party) discussed building institution capacity with Econoff and USAID representative on May 27. He described efforts to review the Government of Iraq's budget execution process on a quarterly basis, as required by the Financial Management Law, and discussed plans for resolving financial disagreements between the central government and the Kurdistan Regional Government. USAID is planning on responding to Samarai's request by assigning a full-time technical expert to the Finance Committee, and providing targeted training as needed. End summary.

Building Institutional Capacity

12. (C) "So far," Samarai said, "the financial laws sent to us by the executive branch have not been professional." He noted that the one exception was the Hydrocarbon Framework Law, which he has reviewed even though it has not yet been formally submitted to the Council of Representatives (CoR). Samarai would like to build capacity within the Finance Committee to develop necessary financial legislation more efficiently. Currently the Finance Committee has two professional staff members and two administrative assistants. Samarai would like advice from experts with professional qualifications and opportunities for training of the Committee in areas such as banking, trade legislation, and budget formulation and review.

13. (C) The USAID representative said that there was funding for this kind of assistance, and offered to provide one full-time technical expert who is already in-country. He also said that USAID could work on bringing in particular expertise as needed - a budget formulation expert during the 2008 Iraqi budget process, for example. Samarai appreciated this response and said that with these opportunities available he would hire two junior professionals to join the Finance Committee's full time staff. This training and expertise will contribute to the long term ability of the Finance Committee to formulate and review financial legislation.

Budget Execution and Formulation

14. (C) The Finance Committee will soon begin requesting reports from the Ministry of Finance on the government's budget execution progress. Samarai said that these reports are due on a quarterly basis, but that the Ministry of Finance has yet to submit a report. Samarai has also asked the Board of Supreme Audit for its final report of government expenditures for 2006. Regarding the 2008 budget formulation

process, Sumarai intends to send letters to each of the ministries urging them to involve the Council of Representatives early in their budget formulation process.

Working with Kurdistan

¶5. (C) Samarai said that he had met that morning with Nechirvan Barzani, Prime Minister of the Kurdistan Regional Government. As a result of this meeting, Samarai agreed to send a task force consisting of two members of the Finance Committee, an advisor to the Committee, a Ministry of Finance official, and Dr. Abdul Bassit from the Board of Supreme Audit to the Kurdistan region. The task force will meet with regional officials to resolve disagreements about the balance between central and regional power, particularly with regard to customs and budgets.

Comment

¶6. (C) Ayad Samarai's suggestions for building institutional capacity and his willingness to work with the Kurdish Regional Government are positive developments and an indication of commitment to professionalism in the CoR's Finance Committee. As was evident during the CoR's review of the 2007 Budget Law in January, the Committee's members are dedicated but inexperienced. This kind of U.S. contribution to capacity development will greatly benefit the Finance Committee's, the CoR's, and the GOI's ability to improve financial legislation and fiscal policy.
CROCKER